

MAHONING COUNTY CAREER & TECHNICAL CENTER

INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Mahoning County Career & Technical Center

We have reviewed the Independent Auditor's Report of the Mahoning County Career & Technical Center, Mahoning County, prepared by Gary B. Fink & Associates, Inc. for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Mahoning County Career & Technical Center is responsible for compliance with these laws and regulations.

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JIM PETRO
Auditor of State

December 11, 2002

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**MAHONING COUNTY CAREER & TECHNICAL CENTER
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Mahoning County Career & Technical Center
7300 North Palmyra Road
Canfield, OH 44406

We have audited the accompanying general purpose financial statements of the Mahoning County Career & Technical Center (the Center), as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Mahoning County Career & Technical Center, as of June 30, 2002 and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2002 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the Center, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "G. B. Fink". The signature is stylized with a large initial "G" and a long horizontal stroke.

GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

October 18, 2002

GENERAL PURPOSE FINANCIAL STATEMENTS

**Mhoning County Career & Technical Center
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002**

	Governmental Fund Types		
	General	Special Revenue	Capital Project
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$9,359,750	\$54,291	\$34,977
Receivables:			
Taxes	6,327,384	0	0
Accounts	1,554	325	0
Intergovernmental	1,489	89,921	0
Accrued Interest	71,121	0	0
Interfund Receivable	86,527	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies			
Inventory	14,665	0	0
Restricted Asset:			
Equity in Pooled Cash and Cash Equivalents	39,367	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
<u>Other Debits:</u>			
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	\$15,901,857	\$144,537	\$34,977

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$657,546	\$64,644	\$0	\$0	\$10,171,208
0	0	0	0	6,327,384
14,607	0	0	0	16,486
0	0	0	0	91,410
0	0	0	0	71,121
0	0	0	0	86,527
12,369	0	0	0	12,369
473	0	0	0	15,138
0	0	0	0	39,367
93,443	0	13,996,885	0	14,090,328
0	0	0	807,581	807,581
<u>\$778,438</u>	<u>\$64,644</u>	<u>\$13,996,885</u>	<u>\$807,581</u>	<u>\$31,728,919</u>

(continued)

**Mhoning County Career & Technical Center
 Combined Balance Sheet
 All Fund Types and Account Groups (continued)
 June 30, 2002**

	Governmental Fund Types		
	General	Special Revenue	Capital Project
Liabilities,			
<u>Fund Equity and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$129,670	\$31,884	\$0
Contracts Payable	41,860	0	0
Accrued Wages and Benefits	341,284	23,208	0
Compensated Absences Payable	82,324	4,813	0
Interfund Payable	0	86,527	0
Intergovernmental Payable	71,493	4,841	0
Deferred Revenue	6,327,370	0	0
Due to Students	0	0	0
Early Retirement Incentive Payable	0	0	0
Total Liabilities	6,994,001	151,273	0
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved	0	0	0
Fund Balance:			
Reserved for Encumbrances	782,705	9,970	0
Reserved for Inventory	14,665	0	0
Reserved for Property Taxes	14	0	0
Reserved for Budget Stabilization	39,367	0	0
Unreserved:			
Undesignated (Deficit)	8,071,105	(16,706)	34,977
Total Fund Equity and Other Credits	8,907,856	(6,736)	34,977
Total Liabilities, Fund Equity and Other Credits	\$15,901,857	\$144,537	\$34,977

See accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Enterprise	Trust and Agency	
\$462	\$0	\$0	\$0	\$162,016
0	0	0	0	41,860
22,782	0	0	0	387,274
78,082	0	0	703,128	868,347
0	0	0	0	86,527
6,219	0	0	3,831	86,384
2,611	0	0	0	6,329,981
0	19,907	0	0	19,907
0	0	0	100,622	100,622
110,156	19,907	0	807,581	8,082,918
0	0	13,996,885	0	13,996,885
138,428	0	0	0	138,428
529,854	0	0	0	529,854
0	0	0	0	792,675
0	0	0	0	14,665
0	0	0	0	14
0	0	0	0	39,367
0	44,737	0	0	8,134,113
668,282	44,737	13,996,885	0	23,646,001
\$778,438	\$64,644	\$13,996,885	\$807,581	\$31,728,919

Mhoning County Career & Technical Center
Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental Fund Types and Similar Trust Fund
For the Fiscal Year Ended June 30, 2002

	Governmental	
	General	Special Revenue
<u>Revenues:</u>		
Taxes	\$5,456,687	\$0
Intergovernmental	2,979,162	796,283
Interest	308,825	0
Tuition and Fees	168,929	0
Gifts and Donations	5,370	12,033
Customer Services	27,694	0
Miscellaneous	1,738	9,601
Total Revenues	8,948,405	817,917
<u>Expenditures:</u>		
Current:		
Instruction:		
Regular	900,918	17,698
Vocational	2,881,210	54,356
Adult/Continuing	0	107,534
Support Services:		
Pupils	723,672	241,285
Instructional Staff	780,681	206,511
Board of Education	34,288	0
Administration	383,224	83,115
Fiscal	310,764	0
Business	802	0
Operation and Maintenance of Plant	985,723	0
Pupil Transportation	17,495	460
Central	53,479	149,791
Non-Instructional Services	317	0
Extracurricular Activities	48,906	875
Capital Outlay	486,605	0
Total Expenditures	7,608,084	861,625
Excess of Revenues Over (Under) Expenditures	1,340,321	(43,708)
<u>Other Financing Sources (Uses):</u>		
Proceeds from Sale of Fixed Assets	4,166	0
Operating Transfers Out	(72,777)	0
Total Other Financing Sources (Uses)	(68,611)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,271,710	(43,708)
Fund Balances Beginning of Year	7,637,561	36,972
Decrease in Reserve for Inventory	(1,415)	0
Fund Balances (Deficit) End of Year	\$8,907,856	(\$6,736)

See accompanying Notes to the General Purpose Financial Statements

<u>Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Capital Projects</u>	<u>Expendable Trust</u>	
\$0	\$0	\$5,456,687
0	0	3,775,445
0	1,087	309,912
0	0	168,929
0	0	17,403
0	0	27,694
0	0	11,339
<u>0</u>	<u>1,087</u>	<u>9,767,409</u>
0	0	918,616
0	0	2,935,566
0	0	107,534
0	0	964,957
0	0	987,192
0	0	34,288
0	0	466,339
0	0	310,764
0	0	802
0	0	985,723
0	0	17,955
0	0	203,270
0	0	317
0	0	49,781
0	0	486,605
<u>0</u>	<u>0</u>	<u>8,469,709</u>
<u>0</u>	<u>1,087</u>	<u>1,297,700</u>
0	0	4,166
0	0	0
0	0	0
<u>0</u>	<u>0</u>	<u>(72,777)</u>
<u>0</u>	<u>0</u>	<u>(68,611)</u>
0	1,087	1,229,089
34,977	43,650	7,753,160
<u>0</u>	<u>0</u>	<u>(1,415)</u>
<u>\$34,977</u>	<u>\$44,737</u>	<u>\$8,980,834</u>

**Mhoning County Career & Technical Center
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
 All Governmental Fund Types and Similar Trust Fund
 For the Fiscal Year Ended June 30, 2002**

	<u>General Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$5,515,000	\$5,456,936	(\$58,064)
Intergovernmental	2,914,792	2,978,730	63,938
Interest	406,800	243,277	(163,523)
Tuition and Fees	75,000	168,929	93,929
Gifts and Donations	6,200	5,370	(830)
Customer Services	38,500	27,694	(10,806)
Miscellaneous	1,100	1,503	403
Total Revenues	8,957,392	8,882,439	(74,953)
Expenditures:			
Current:			
Instruction:			
Regular	892,851	897,102	(4,251)
Vocational	2,905,278	3,110,382	(205,104)
Adult/Continuing	0	0	0
Support Services:			
Pupils	729,316	730,026	(710)
Instructional Staff	927,457	954,600	(27,143)
Board of Education	48,174	43,306	4,868
Administration	395,659	385,225	10,434
Fiscal	322,623	309,064	13,559
Business	1,120	802	318
Operation and Maintenance of Plant	1,217,525	1,057,627	159,898
Pupil Transportation	27,455	17,501	9,954
Central	60,566	57,161	3,405
Non-Instructional Services	1,000	317	683
Extracurricular Activities	53,303	48,623	4,680
Capital Outlay	967,026	794,158	172,868
Total Expenditures	8,549,353	8,405,894	143,459
Excess of Revenues Over (Under) Expenditures	408,039	476,545	68,506
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	1,000	4,166	3,166
Advances In	65,170	65,170	0
Advances Out	(83,818)	(86,527)	(2,709)
Operating Transfers Out	(75,000)	(72,777)	2,223
Total Other Financing Sources (Uses)	(92,648)	(89,968)	2,680
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	315,391	386,577	71,186
Fund Balances Beginning of Year	7,356,845	7,356,845	0
Prior Year Encumbrances Appropriated	667,870	667,870	0
Fund Balances End of Year	\$8,340,106	\$8,411,292	\$71,186

Special Revenue Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
795,619	775,686	(19,933)	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
12,000	12,033	33	0	0	0
0	0	0	0	0	0
10,500	9,377	(1,123)	0	0	0
818,119	797,096	(21,023)	0	0	0
18,744	18,731	13	0	0	0
54,289	54,013	276	0	0	0
137,374	116,149	21,225	0	0	0
241,007	240,570	437	0	0	0
218,880	207,230	11,650	0	0	0
0	0	0	0	0	0
87,162	81,488	5,674	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
700	460	240	0	0	0
149,291	150,823	(1,532)	0	0	0
0	0	0	0	0	0
3,000	875	2,125	0	0	0
0	0	0	0	0	0
910,447	870,339	40,108	0	0	0
(92,328)	(73,243)	19,085	0	0	0
0	0	0	0	0	0
97,693	86,527	(11,166)	0	0	0
(65,170)	(65,170)	0	0	0	0
0	0	0	0	0	0
32,523	21,357	(11,166)	0	0	0
(59,805)	(51,886)	7,919	0	0	0
24,275	24,275	0	34,977	34,977	0
40,048	40,048	0	0	0	0
\$4,518	\$12,437	\$7,919	\$34,977	\$34,977	\$0

(continued)

Mhoning County Career & Technical Center

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types and Similar Trust Fund (continued)
For the Fiscal Year Ended June 30, 2002

	Expendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$0	\$0	\$0
Intergovernmental	0	0	0
Interest	0	1,087	1,087
Rentals	0	0	0
Gifts and Donations	0	0	0
Customer Services	0	0	0
Miscellaneous	0	0	0
Total Revenues	0	1,087	1,087
Expenditures:			
Current:			
Instruction:			
Regular	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Total Expenditures	0	0	0
Excess of Revenues Over (Under) Expenditures	0	1,087	1,087
Other Financing Sources (Uses):			
Proceeds from the Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	1,087	1,087
Fund Balances Beginning of Year	43,650	43,650	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances End of Year	\$43,650	\$44,737	\$1,087

See accompanying Notes to the General Purpose Financial Statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$5,515,000	\$5,456,936	(\$58,064)
\$3,710,411	\$3,754,416	\$44,005
\$406,800	\$244,364	(\$162,436)
\$75,000	\$168,929	\$93,929
\$18,200	\$17,403	(\$797)
\$38,500	\$27,694	(\$10,806)
\$11,600	10,880	(\$720)
9,775,511	9,680,622	(94,889)
911,595	915,833	(4,238)
2,959,567	3,164,395	(204,828)
137,374	116,149	21,225
970,323	970,596	(273)
1,146,337	1,161,830	(15,493)
48,174	43,306	4,868
482,821	466,713	16,108
322,623	309,064	13,559
1,120	802	318
1,217,525	1,057,627	159,898
28,155	17,961	10,194
209,857	207,984	1,873
1,000	317	683
56,303	49,498	6,805
967,026	794,158	172,868
9,459,800	9,276,233	183,567
315,711	404,389	88,678
1,000	4,166	3,166
162,863	151,697	(11,166)
(148,988)	(151,697)	(2,709)
(75,000)	(72,777)	2,223
(60,125)	(68,611)	(8,486)
255,586	335,778	80,192
7,459,747	7,459,747	0
707,918	707,918	0
\$8,423,251	\$8,503,443	\$80,192

**Mhoning County Career & Technical Center
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2002**

	Enterprise
<u>Operating Revenues:</u>	
Tuition	\$455,084
Sales	155,210
Other	2,727
Total Operating Revenues	613,021
<u>Operating Expenses:</u>	
Salaries and Wages	516,698
Fringe Benefits	151,814
Purchased Services	62,625
Cost of Sales	185,010
Depreciation	48,041
Other	7,860
Total Operating Expenses	972,048
Operating Loss	(359,027)
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	5,155
Operating Grants	337,375
Other	214
Total Non-Operating Revenues	342,744
Loss Before Operating Transfers	(16,283)
Operating Transfers In	72,777
Net Income	56,494
Retained Earnings Beginning of Year	473,360
Retained Earnings End of Year	529,854
Contributed Capital Beginning and End of Year	138,428
Total Fund Equity End of Year	\$668,282

See accompanying Notes to the General Purpose Financial Statements

**Mhoning County Career & Technical Center
 Combined Statement of Revenues, Expenses and Changes
 In Fund Equity - Budget (Non-GAAP Basis) and Actual
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2002**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition	\$442,500	\$453,413	\$10,913
Sales	167,749	155,092	(12,657)
Grants	372,700	337,375	(35,325)
Other	1,200	2,731	1,531
Total Revenues	984,149	948,611	(35,538)
<u>Expenses:</u>			
Salaries and Wages	560,661	511,673	48,988
Fringe Benefits	182,728	152,943	29,785
Purchased Services	117,350	62,795	54,555
Materials and Supplies	217,745	175,672	42,073
Capital Outlay	110,000	2,458	107,542
Other	12,700	9,914	2,786
Total Expenses	1,201,184	915,455	285,729
Excess of Revenues Over (Under) Expenses	(217,035)	33,156	250,191
Operating Transfers In	75,000	72,777	(2,223)
Excess of Revenues Over (Under) Expenses and Operating Transfers In	(142,035)	105,933	247,968
Fund Equity Beginning of Year	546,182	546,182	0
Prior Year Encumbrances Appropriated	2,167	2,167	0
Fund Equity End of Year	\$406,314	\$654,282	\$247,968

See accompanying Notes to the General Purpose Financial Statements

**Mhoning County Career & Technical Center
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the Fiscal Year Ended June 30, 2002**

Enterprise

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Cash Received from Tuition Payments	\$453,413
Cash Received from Customers	155,092
Other Cash Payments	2,731
Cash Payments to Employees for Services	(511,673)
Cash Payments for Employee Benefits	(152,943)
Cash Payments to Suppliers for Goods and Services	(237,261)
Other Operating Expenses	(7,860)
	(298,501)

Net Cash Used for Operating Activities:

(298,501)

Cash Flows from Noncapital Financing Activities:

Operating Grants Received	337,375
Operating Transfers In	72,777
Advances Out	0
	410,152

Net Cash Provided by Noncapital Financing Activities

410,152

Cash Flows from Capital and Related Financing Activities:

Payments for Capital Acquisitions	(2,458)
	(2,458)

Net Increase in Cash and Cash Equivalents

109,193

Cash and Cash Equivalents Beginning of Year

548,353

Cash and Cash Equivalents End of Year

\$657,546
 (continued)

**Mhoning County Career & Technical Center
 Combined Statement of Cash Flows
 Proprietary Fund Type (continued)
 For the Fiscal Year Ended June 30, 2002**

Reconciliation of Operating Loss to Net Cash

Used for Operating Activities:

Operating Loss **(\$359,027)**

**Adjustments to Reconcile Operating Loss to Net
 Cash Used for Operating Activities:**

Depreciation	48,041
Donated Commodities Used During Year	5,155
Non-Operating Revenues	214
(Increase) Decrease in Assets:	
Accounts Receivable	(1,999)
Materials and Supplies	72
Inventory Held for Resale	4,961
Material and Supplies Inventory	0
Increase (Decrease) in Liabilities:	
Accounts Payable	186
Accrued Wages and Benefits	(163)
Compensated Absences Payable	4,733
Intergovernmental Payable	(674)

Total Adjustments **60,526**

Net Cash Used for Operating Activities **(\$298,501)**

Non Cash Non Capital Financing Activities

Federal Donated Commodities in the amount of \$5,155 were recorded as revenue when received

See accompanying Notes to the General Purpose Financial Statements

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Mahoning County Career & Technical Center (School District) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The School District includes thirteen member schools spread throughout Mahoning, Trumbull, Columbiana and Portage Counties.

The School District operates under a seven-member Board of Education and is responsible for the provision of public education to residents of the School District. The Board consists of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative from each of the two city school districts, Struthers and Campbell. The Mahoning County Educational Service Center Governing Board cannot directly impose their will on the School District; therefore, the School District is a related organization of the Mahoning County Educational Service Center.

A. Reporting Entity

The reporting entity is composed of the stand-alone government, component units and other organizations that are included to ensure that the financial statements are not misleading. The stand-alone government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District this includes general operations, food service, adult education and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, the levying of taxes or the financial statements would be misleading if data from the component unit were not included. The School District has no component units.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

City of Canfield - The city government is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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Member School Districts - The School District accepts non-tuition students from each of the thirteen member school districts. Each of the member school districts are considered separate political subdivisions and are not considered to be part of the School District.

Canfield Branch of the Mahoning County Public Library - The library is a distinct political subdivision of the State of Ohio governed by a board of trustees. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. The School District does not serve as the taxing authority for the library.

The School District participates in certain organizations which are defined as jointly governed organizations and as public entity risk pools. The jointly governed organizations are presented in Note 13 to the combined financial statements and the public entity risk pools are presented in Note 18. These organizations are:

- Area Cooperative Computerized Educational Service System/ACCESS Council
- MAC Tech Prep Consortium
- Ohio School Boards Association Workers' Compensation Group Rating Program
- Mahoning County Insurance Consortium

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

General Fund - The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

Capital Projects Fund - The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Type:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

Revenue Recognition:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which are levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The Treasurer maintains budgetary information at the object level. The legal level of budgetary control has been established by the Board of

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Mahoning County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements come from the certificate of amended resources that was in effect at the time the final appropriations were passed by the Board of Education.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certification saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each funds' interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2002, investments were limited to securities issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and interest in the State Treasury Assets Reserve (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2002.

Following Ohio statutes the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2002 amounted to \$308,825, which includes \$39,496 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include refunds of workers' compensation monies required by statute to be set-aside by the School District for budget stabilization. See Note 19 for additional information regarding set-asides.

F. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of three to ten years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

H. Short-term Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables."

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Contributed Capital

Contributed capital in the proprietary funds represents resources provided prior to 2001, from other funds that are not subject to repayment. Capital contributions received during 2002 are reported as revenue on the operating statement and included in the retained earnings.

K. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligation account group to the extent that they will not be paid with current expendable available financial resources. In general, payments made more than sixty days after year end are considered not to have been made with current available financial resources. Long-term loans and early retirement incentives are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money set-aside to protect against cyclical changes in revenues and expenditures.

N. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

O. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Similar Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
 3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
 4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Similar Trust Fund

	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>
GAAP Basis	\$1,271,710	(\$43,708)	\$1,087
Revenue Accruals	(65,967)	(20,821)	0
Advance In	65,170	86,527	0
Expenditure Accruals	(13,078)	(86,718)	0
Advance Out	86,527	65,170	0
Encumbrances	<u>(957,785)</u>	<u>(52,336)</u>	<u>0</u>
Budget Basis	<u>\$386,577</u>	<u>(\$51,886)</u>	<u>\$1,087</u>

Net Income Excess of Revenues Over (Under)
Expenses and Operating Transfers
Proprietary Fund Type

	<u>Enterprise</u>
GAAP Basis	\$56,494
Revenue Accruals	(1,999)
Donated Commodities	784
Expense Accruals	8,331
Capital Outlay	(2,458)
Depreciation Expense	48,041
Encumbrances	<u>(3,260)</u>
Budget Basis	<u>\$105,933</u>

NOTE 4 – FUND DEFICITS

Fund balances/retained earnings at June 30, 2002, included the following individual fund deficits:

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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	Deficit Fund Balance/ <u>Retained Earnings</u>
Special Revenue Funds:	
Career Development Grant	\$4,628
Vocational Education	24,812
Other State Grants	42
Lunchroom Enterprise Fund	129,877

Special revenue fund deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficits in the special revenue funds and provides operating transfers when cash is required, not when accruals occur.

The deficit in the food service enterprise fund resulted from the conversion to generally accepted accounting principles. Management is analyzing the food service operations to determine appropriate steps to eliminate the deficit.

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the School District has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including pass book accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Interim monies may be deposited or invested in the following securities:

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time, and,
8. Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3 "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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Deposits. At fiscal year end, the carrying amount of the School District's deposits was \$1,085,921 and the bank balance was \$1,192,915. Of the bank balance \$200,000 was covered by federal depository insurance and \$992,915 was collateralized.

Investments. The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at year-end. Category 1 includes investments that are insured or registered or are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty or by its trust department or agent but not in the School District's name. STAR Ohio is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Category 2	Fair Value
Federal Home Loan Banks	\$1,001,562	\$1,001,562
Federal National Mortgage Association	1,976,871	1,976,871
Federal Home Loan Banks	2,599,927	2,599,927
Federal Home Loan Mortgage Corporation	713,196	713,196
Federal National Mortgage Association	391,287	391,287
First American Treasury	2,549	2,549
Student Loan Marketing Association	294,335	294,335
STAR Ohio		2,144,927
 Total Investments	 \$6,979,727	 \$9,124,654

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$10,210,575	\$0
Investments:		
Federal Home Loan Banks	(3,601,489)	3,601,489
Federal National Mortgage Association	(2,368,158)	2,368,158
Federal Home Loan Mortgage Corporation	(713,196)	713,196
First American Treasury	(2,549)	2,549
Student Loan Marketing Association	(294,335)	294,335
STAR Ohio	(2,144,927)	2,144,927
 GASB Statement No. 3	 \$1,085,921	 \$9,124,654

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School district fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2002 for real and public utility property taxes represents collections of calendar year 2001 taxes. Property tax payments received during calendar year 2002 for tangible personal property (other than public utility property) are for calendar year 2002 taxes.

2002 real property tax are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2002 public utility taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2002 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2002, on the values as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2002 taxes were collected are:

	<u>2001 Second- Half Collections</u>		<u>2002 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$2,648,272,220	87.09%	\$2,712,096,160	87.78%
Public Utility	157,457,430	5.10	121,461,370	3.93
Tangible Personal Property	<u>246,318,383</u>	<u>7.81</u>	<u>256,148,148</u>	<u>8.29</u>
Total Assessed Value	<u>\$3,052,048,033</u>	<u>100.00%</u>	<u>\$3,089,705,678</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$2.10		\$2.10	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Mahoning, Trumbull, Columbiana and Portage Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

The amount available as an advance at June 30 is recognized as revenue. At June 30, 2001 and 2002, \$263 and \$14, respectively, were available to the General Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002, consisted of accounts (rent and tuition) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
General Fund:	
Mahoning County Auditor	\$ <u>1,489</u>
Special Revenue Funds:	
Vocational Education	61,376
Adult Basic Education	<u>28,545</u>
Total Special Revenue Funds	<u>89,921</u>
Grand Total	<u>\$91,410</u>

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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Furniture and Equipment                $415,817
Less accumulated depreciation          (322,374)
Net Fixed Assets                       $93,443
    
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A summary of the changes in general fixed assets during fiscal year 2002 follows:

<u>Asset Category</u>	<u>Balance at 6/30/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/02</u>
Land and Improvements	\$139,248	\$0	\$0	\$139,248
Buildings	8,015,367	0	2,128	8,013,239
Furniture and Equipment	5,104,876	725,353	325,368	5,504,861
Vehicles	<u>316,237</u>	<u>23,300</u>	<u>0</u>	<u>339,537</u>
Totals	<u>\$13,575,728</u>	<u>\$748,653</u>	<u>\$327,496</u>	<u>\$13,996,885</u>

There was no construction in progress at June 30, 2002.

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with the Nationwide Mutual Insurance Company for property insurance with a \$1,000 deductible per occurrence.

Fleet insurance is also provided by Nationwide Mutual Insurance Company with a \$250 deductible for collision coverage and a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

A \$60,000 performance bond is maintained for the treasurer and a \$100,000 fidelity bond is maintained for the adult education coordinator through the Cincinnati Insurance Company.

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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During fiscal year 2002, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (Note 18).

Coverages provided by the Ohio School Plan are as follows:

General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits since 1982. The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County school districts. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$755.30 for family coverage and \$308.05 for single coverage per employee per month.

Dental and prescription drug insurance are also provided through the Mahoning County Insurance Consortium. Premiums for dental coverage are \$41.91 monthly on a composite basis. Monthly premiums for prescription drug insurance are \$186.57 for family coverage and \$81.86 for single coverage. The plan utilizes a \$4 minimum and \$8 maximum deductible.

Vision coverage is provided through the Vision Service Plan. Monthly premiums for vision coverage are \$28.44.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension system. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001 and 2000 were \$57,823, \$41,798, and \$50,443, respectively; 92.48 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$4,350 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2001, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001 and 2000 were \$352,834, \$350,054, and \$223,241, respectively; 92.5 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$26,462 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, two of the board of education members have elected social security. The board's liability is 6.2 percent of wages paid.

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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NOTE 11 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$167,132 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,722,000 and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a 1.26 percent decrease. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established as \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$94,819.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to two hundred fifty days for classified employees and certified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of fifty one days for certified employees and fifty days for classified employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Medical and Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$30,000 per employee and \$50,000 for the Superintendent. Life insurance is provided through the Educators Mutual Insurance Company.

C. Retirement Incentive

In addition to severance benefits and STRS pension benefits, a maximum of five certified employees will be offered a one-time retirement incentive of \$750 per year based on School District service capped at 28 years, during the 2001-2002 school year. The certified employee must notify the Board of his/her intention to retire by January 1, 2002, and the employee shall retire before July 1 of the same year. Payment of the benefit is divided equally between the first pay date of January 2003 and January 2004.

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

A. Area Cooperative Computerized Educational Service System/ACCESS Council

The Area Cooperative Computerized Educational Service System/ACCESS Council (ACCESS), is a consortium of twenty-six school districts in Mahoning and Columbiana Counties. The jointly governed organization was formed for the purpose of utilizing computers and other electronic equipment for administrative and instructional functions among member districts.

ACCESS is governed by the ACCESS Council, a regional council of governments organized under Ohio law, pursuant to a written agreement entered into by the ACCESS Council's members and bylaws adopted by representatives of the members. The ACCESS Council is governed by an elected Board consisting of the superintendents of the

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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educational service centers of each county and two superintendents and a school district treasurer elected by an assembly of representatives of the members voting in caucus by county.

All of ACCESS and the ACCESS Council's revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Council based upon a per pupil charge. The School District paid \$11,181 to ACCESS during fiscal year 2002. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Room 105, Youngstown, Ohio, 44512.

B. MAC Tech Prep Consortium

The MAC Tech Prep Consortium is a cooperative effort between the School District, Youngstown State University and Youngstown City School District to support programs in business, engineering and health technology through business, industry, labor and educational personnel. All of the consortium revenues are from a federal grant. The consortium is governed by an executive committee consisting of the superintendents of the school districts, the President of Youngstown State University and a representative from business or industry. The committee exercises total control over the operation of the Consortium, including budgeting, appropriating, contracting and designating management.

The School District does not retain an ongoing financial interest or an ongoing financial responsibility in either of these organizations.

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during the fiscal year ended June 30, 2002, were as follows:

	Principal Outstanding <u>6/30/01</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding <u>6/30/02</u>
Early Retirement Incentive	17,250	100,622	17,250	100,622
Intergovernmental Payable	6,459	3,831	6,459	3,831
Compensated Absences	<u>712,714</u>	<u>0</u>	<u>9,586</u>	<u>703,128</u>
Total General Long-Term Obligations	<u>\$736,423</u>	<u>\$104,453</u>	<u>\$33,295</u>	<u>\$807,581</u>

Compensated absences, early retirement incentives, and intergovernmental payables will be paid from the fund from which the person is paid.

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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NOTE 15 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2002, consist of the following individual fund receivables and payables:

<u>Fund:</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$86,527</u>	<u>\$ 0</u>
Special Revenue Funds:		
Adult Basic Literacy Grant	0	25,150
Vocational Education	<u>0</u>	<u>61,377</u>
Total Special Revenue Funds	<u>0</u>	<u>86,527</u>
Total	<u>\$86,527</u>	<u>\$86,527</u>

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for food service operations, uniform school supplies and adult education. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2002.

	<u>Lunchroom</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$91,299	\$32,472	\$489,250	\$613,021
Depreciation	1,716	0	46,325	48,041
Operating Loss	(67,082)	(827)	(291,118)	(359,027)
Donated Commodities	5,155	0	0	5,155
Operating Grants	41,373	0	296,002	337,375
Operating Transfers In	22,777	0	50,000	72,777
Fixed Assets Additions	0	0	2,458	2,458
Fixed Assets Deletions	0	0	(16,029)	(16,029)
Net Income (Loss)	2,223	(827)	55,098	56,494
Net Working Capital	(11,058)	7,232	581,276	577,450
Total Assets	8,702	7,232	762,504	778,438
Total Equity	(7,967)	7,232	669,017	668,282
Encumbrances June 30, 2002	0	765	2,495	3,260

NOTE 17 - CONTINGENCIES

A. Grants:

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B. Litigation:

The School District is not currently party to any legal proceedings.

NOTE 18 - PUBLIC ENTITY RISK POOLS

A. Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past-President of OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program.

B. Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

C. Shared Risk Pool

The Mahoning County Insurance Consortium is a shared risk pool comprised of thirteen Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services.

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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NOTE 19 – SET-ASIDE CALCULATION AND FUND RESERVES

The School District is required by State statute to annually set aside in the General Fund an amount based on statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2002, only the unspent portion of certain workers' compensation refunds continues to be set-aside.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Budget Stabilization Reserve</u>	<u>Textbook/ Instructional Materials</u>	<u>Capital Improvements</u>
Set-aside balance as of June 30, 2001	\$39,367	(\$340,837)	\$0
Current year set-aside requirement	0	65,216	65,216
Qualifying disbursements	<u>0</u>	<u>(738,783)</u>	<u>(569,938)</u>
Total	<u>\$39,367</u>	<u>(\$1,014,404)</u>	<u>(\$504,722)</u>
Balance carried forward to FY 2003	<u>\$39,367</u>	<u>(\$1,014,404)</u>	<u>\$0</u>
Cash Balance at June 30, 2002	<u>\$39,367</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the amount to below zero for the textbook instructional material set-aside. This extra amount may be used to reduce the set-aside requirement of future years. Although the School District had qualifying disbursements during the fiscal year that reduces the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is, therefore, not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$39,367.

NOTE 20 – STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fulling funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

Mahoning County Career & Technical Center
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Mahoning County Career & Technical Center
7300 North Palmyra Road
Canfield, OH 44406

We have audited the general purpose financial statements of the Mahoning County Career & Technical Center (the Center), as of and for the year ended June 30, 2002, and have issued our report thereon dated October 18, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Center's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* (continued)

This report is intended solely for the information and use of the audit committee, Center's management, the Board of Education and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'G. B. Fink', with a stylized flourish at the end.

GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

October 18, 2002

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH *OMB CIRCULAR A-133***

Board of Education
Mahoning County Career & Technical Center
7300 North Palmyra Road
Canfield, OH 44406

Compliance

We have audited the compliance of the Mahoning County Career & Technical Center (the Center) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The Center's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Center's management. Our responsibility is to express an opinion on the Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Center's compliance with those requirements.

In our opinion, the Mahoning County Career & Technical Center complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.


REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH *OMB CIRCULAR A-133* (continued)

Internal Control Over Compliance

The management of the Center is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, Center's management, the Board of Education and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

October 18, 2002

**Mahoning County Career & Technical Center
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2002**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Receipts	Disbursements
<u>U.S. Department of Agriculture</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	051243-LLP4-2002	\$35,594	\$35,594
National School Lunch Program	10.555	051243-LLP4-2001	4,019	4,019
National School Lunch Program	10.555	051243-LLP1-2001	18	18
Total National School Lunch Program			39,631	39,631
Food Distribution	10.550	----	5,155	5,939
Total U.S. Department of Agriculture - Child Nutrition Cluster			44,786	45,570
<u>U.S. Department of Education</u>				
Student Financial Assistance Programs Cluster:				
Federal Pell Grant Program	84.063	----	55,143	55,143
<i>Passed Through Ohio Department of Education:</i>				
Eisenhower Professional Development State Grants	84.281	051243-MSS1-2002	1,453	1,185
Innovative Education Program Strategies (ESEA Title VI)	84.298	051243-C2S1-2002	2,653	2,653
Adult Education - State Program	84.002	051243-ABS1-2002	48,000	48,000
Adult Education - State Program	84.002	051243-ABS1-2001-C	21,249	21,249
Total Adult Education - State Program			69,249	69,249
Vocational Education - Basic Grants to States	84.048	VECPPII-A2002-063	73,590	73,590
Vocational Education - Basic Grants to States	84.048	VECPPII-S2002-063	356,213	356,213
Vocational Education - Basic Grants to States	84.048	VEAR-2002-063	21,760	0
Vocational Education - Basic Grants to States	84.048	VEONLA-2002-02	17,000	15,623
Vocational Education - Basic Grants to States	84.048	VECPPII-S2001-063	37,694	37,694
Vocational Education - Basic Grants to States	84.048	VECPPII-A2001-063	7,981	7,981
Total Vocational Education - Basic Grants to States			514,238	491,101
Goals 2000 - State and Local Education Systematic Improvement Grant	84.276	051243-G2S6-2000-P	0	5,989
Total U.S. Department of Education			642,736	625,320
Total Federal Assistance			\$687,522	\$670,890

The accompanying notes to this Schedule are an integral part of this Schedule.

MAHONING COUNTY CAREER & TECHNICAL CENTER

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the Center's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and disbursed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the Center had no significant food commodities in inventory.

NOTE C – FEDERAL PELL GRANT

The Pell Grant is recorded as tuition.

MAHONING COUNTY CAREER & TECHNICAL CENTER

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §505**

FOR THE FISCAL YEAR ENDED JUNE 30, 2002

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of auditor's report issued on the general purpose financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the general purpose financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the general purpose financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the general purpose financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

MAHONING COUNTY CAREER & TECHNICAL CENTER

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(CONTINUED)**

(d)(1)(vii)	Major Program:	Vocational Education – Basic Grants to State, CFDA #84.048
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

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MAHONING COUNTY CAREER AND TECHNICAL CENTER

MAHONING COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 26, 2002**